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ASPECTS OF
ANGLO-AMERICAN RELATIONS

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THE FIRST ON THE RIGHT

ASPECTS OF ANGLO-AMERICAN RELATIONS

The Historical Significance of the American Revolution in the Development of the British Commonwealth of Nations

BY K. CAPPER JOHNSON
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The Influence of International Trade Upon British-American Relations

BY JOHN MIDDLETON FRANKLAND
YALE COLLEGE

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Foreword

THE essays appearing in this volume are the first to be published under the annual prize award offered by Mrs. Florence Brooks-Aten of New York City, founder of the Brooks-Bright Foundation, for the two best essays written in each academic year by undergraduate students at Oxford University and at Yale University, respectively, on a subject dealing with relations between the British Commonwealth of Nations and the United States of America.

The Brooks-Bright Foundation was established some five years ago by Mrs. Brooks-Aten, with the fundamental purpose of promoting permanent friendship and understanding between Great Britain, the British Dominions, and the United States by avoiding any taint of sentimentality and dealing only in fundamental causes that are the source of real difficulties. The name of the Foundation honors the memory of her great-great-grandfather, David Brooks, a clergyman and a soldier in the Continental Armies at the time when the American Colonies broke away from England, and of

John Bright, "The Great Commoner," the advocate of democracy and America's friend in a time of need, who was instrumental in keeping Great Britain and the United States at peace during the period of strained diplomatic relations in the Civil War.

Honorable mention is due to a third essay by E. D. Canham, a graduate of Bates College, and of Oriel College, Oxford, on the subject: "To What Extent Do the Ramifications of International Trade and Commerce Affect the Political Relations between the United States of America and the British Empire?" Mr. Canham's essay received a prize award in 1927 but was not included in this volume, for the reason that he was an American Rhodes Scholar at Oxford and that the desire of the Directors of the Foundation was to have the Oxford Essays present the thought of British students and the Yale Essays the thought of American students.

John E. J. Fanshawe,
Director-General,
Brooks-Bright Foundation.

New York City,
October, 1928.

Introduction

IN one of his published addresses, Charles E. Hughes lays emphasis upon the fact that the United States can take important action in foreign affairs only when backed by the "predominant sentiment" of its people. Thus every President and Secretary of State must preface each policy by the question, "What is the 'predominant sentiment' of the American people?" If that were all, however, their task would be vastly simpler than it is: but that is not all. The ultimate fate of the "important action," when decided upon, depends upon still another factor, the "predominant sentiment" of all the world.

There was a time when "isolation" was a word which meant much in international relations: when a nation could sit apart and contemplate its own problems, with little thought, little anxiety, about the opinions of its neighbors, near or far. But that time, for every nation, passed, when science bound together the once scattered peoples of the world into an inescapable economic union, and tuned the ears of men to hear each day the polyglot voice of all humanity. It has been

announced that a voice, speaking in New Jersey, has been heard in Tokyo; the stroke of "Big Ben" on the Parliament Houses in London is received promptly in New York; and the British Public is now able to "listen in" on the international conferences on the continent of Europe, a privilege which bids fair soon to extend to all the world, as radio moves toward perfection.

As an inevitable consequence of this new neighborliness, each nation faces the imperative necessity of revamping its system of education, and of rewriting its textbooks, especially those which deal with history, politics, and economics. To know the history of one's own country is to be ignorant, unless one connects that history with the history of other countries. In the end, the rill, the rivulet, or the mighty river, conceived in isolation, must join the ocean. There is no escape. And the child, trained to think in local terms, must as inevitably come at last face to face with his problems as they appear to all humanity, whether he spends his life within his native land, or roams abroad to meet his "mate, the wind that tramps the world," as Kipling phrases it. Politics conceived in

terms of one nation only is not politics, but provincialism: and a political economy with the wealth of but one nation as its theme is archaic.

The composite mind of humanity moves slowly toward the apprehension of truth in its universal character, as the process of evolution reveals its fuller meaning. "Men and times change," wrote Grover Cleveland, "but principle never"; and that is strikingly apparent in the history of the United States of America. George Washington, in his will, set aside a certain sum of money to be used as the beginning of a fund for building an American National University, because he considered it dangerous for the new republic that her brightest minds should go abroad to be trained under the royalistic influences of Europe. "It has," he wrote, "always been a source of serious regret with me, to see the youth of these United States sent to foreign countries for the purpose of education, often before their minds were formed, or they had imbibed any adequate idea of the happiness of their own; contracting too frequently . . . principles unfriendly to republican

government, and to the true and genuine liberties of mankind."

As we read these words, written by Washington in the wisdom of mature experience, and recall the fact that today half a score of foundations, established by men of vision, are devoting their energies to the selection of the best minds among America's young womanhood and young manhood, and their endowments to the task of giving them the chance to study abroad, the question inevitably arises, was Washington wrong or are these modern foundations following the ways of danger?

Clearly, the answer lies in the altered character of the problem involved. Washington faced one question, how to make the people of thirteen self-centered states, dominated by selfish localism, think in terms of one common interest. He combated localism between states. Today our pressing problem, and that of every nation, is how to combat localism between nations. No one would venture to challenge Washington's devotion to his native State of Virginia because he pleaded nationalism as the cure for the ills due to localism. Is there more reason to challenge the

patriotism of the men who today seek to cure the ills due to localism by pleading:

> A Truth, unchanging and the same,
> In east as well as west,
> A Right which is the Right of all,
> Whatever be the test,
> A Duty which belongs alike
> To those of every race,
> Regardless of color, caste or creed,
> Or their abiding place.

It is safe to say that, in view of the world-wide problems which confront our generation, Washington, were he to return today, would not fail of sympathy with the object of these great bequests, designed to make the college and university students of half the world understand how the other half thinks, by allowing them to live as students in stranger lands.

But to get the effects of study abroad it is not absolutely necessary to enjoy residence abroad. Talleyrand once said that Alexander Hamilton had "divined Europe" without ever crossing the Atlantic. Immanuel Kant could talk to visitors from many lands, illuminating for each the problems of his own country, although he had himself spent his

life in Königsberg, where he was born, and his longest journey was less than thirty miles. We have the best of philosophical authority for the belief that "the mind is the measure of the man," and the mind can get the larger views, the universal point of view, by properly directed study alone, as well, if not so easily, as by study plus residence: and this is fortunate, for only the favored few can hope to pursue their studies in far-distant lands.

In contradistinction to the method of resident study abroad which the international fellowships represent, The Brooks-Bright Foundation has chosen the method of encouraging study in the international spirit, without residence abroad. To induce eager minds to explore international topics for themselves; to publish their observations for the stimulation of others, similar minds, and thus to create international understanding among those who tomorrow must rule the world—is a program as potential as it is ambitious. Obviously, the study of old controversies between two nations, by patriotic citizens of each, whether young or old, has a tendency to place each in the position of a champion,

rather than that of an open-minded seeker after truth: but when the topic of study is so phrased as to force attention, not toward the strengthening of old prejudices, but toward the elucidation of new problems, a step has been taken in the direction of larger thinking, which means progress.

Hitherto the Brooks-Bright Foundation has offered prizes only to the school children of many nations, but the present volume represents the application of its method to the students of two great universities, Yale and Oxford. Had the topic assigned for the first of the prize essays here presented been, for example, "The Justice of the American Revolution," it would have tempted the renewal of an ancient debate, as to whether the British or their American colonists were nearest to justice in 1776. But formulated as it is—"The historical significance of the American Revolution in the development of the British Commonwealth of Nations," it demands the examination of those controversies in search of principles which have been the source of developments since that ancient conflict ended. The author of this essay, Mr. K. Capper Johnson of The Queen's College,

after winning the Brooks-Bright prize at Oxford, was appointed Davison Scholar to Harvard University and spent the academic year 1926-1927 as an undergraduate in that famous American institution. In October, 1927, he returned to Oxford and received the degree of Bachelor of Arts, the conditions for which he had fulfilled before going to Harvard.

The subject of the second essay published in this volume was intended, like that of the first, to encourage a judicial attitude toward a question of prime importance,—the effect of trade and commerce upon international relations. In 1776, Adam Smith enunciated the theory that "trade which, without force or constraint, is naturally and regularly carried on between any two places is always advantageous." If that principle be accepted, it is evident that the trade which affects political relations unfavorably is likely to be "a trade which is forced by means of bounties and monopolies."

In the opinion of the judges, Mr. John Middleton Frankland, of Yale University, discusses this subject in the spirit which the Brooks-Bright Foundation seeks to encour-

age. This essay is therefore presented to the reader, and especially to future contestants, in the hope that it may lead toward the creation of the international mind, the mind capable of discussing international questions with a minimum of partisanship and a maximum of fairness and fidelity to principles of universal applicability.

Robert McElroy.

I

The Historical Significance of the American Revolution in the Development of the British Commonwealth of Nations.

By K. Capper Johnson,
Queen's College, Oxford.

I

THE vastness and complexity of this subject make it a matter of some difficulty to deal with in so small a compass, for it is one which might be approached in at least two ways. It would, for example, be possible to take British colonial history subsequent to 1783, and to treat of every detail or event influenced by the American Revolution. Or one might sketch the main lines along which the Revolution has affected British imperial development, and the significance which the theories, to which it gave rise, have for the later growth of imperial government. In so brief an essay, the latter method would seem to have this advantage, that we shall see the broad lines of the American Revolution and its real significance for the Empire.

In the history of the American Revolution, there are two main ideas which run through the whole movement—important theories of constitutional government which we see in the evolution of every nation, and which have not found even yet their full expression and proper place in our civilization. As the history of the Revolution unrolls, we see that it

made great contributions to the development of these ideas, so that they received a practical application which gave them fresh impetus in their course through the progress of mankind. They have, since the Revolution, played a large and important part in the building up of the British Empire, and have, therefore, great significance for us, even if we cannot always trace specific instances of their effect.

These ideas are self-government and federalism. In the first place, the American Revolution was in its very nature a fresh impulse to the theory that a people should rule itself. This may take two forms: a revolt against external and foreign oppression; or, a revolt against autocracy or oligarchy at home. In the case of the American Revolution, it was a revolt against an external tyranny, and also against government by an autocrat.

In the second place, the Revolution gave rise to the first great experiment of federalism in modern history. It was not the first experiment, for the federal idea had been tried on a small scale in the Colonies themselves; but it was the first experiment on a

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national scale, and, in consequence, it was of considerable importance, since it demonstrated to the world that here was a new type of constitution, one, indeed, which appears destined to carry mankind far in the evolution of its forms of government.

Let us then, endeavor to trace the development of self-government in the American Colonies, and its influence on the British Empire. The Revolution is the climax, the result of a considerable history, and we must glance at this history if we are to understand the Revolution and appreciate its full significance.

First we should remember that the American Colonies were settled at a time when great importance was attached to the possession of political freedom, and that the men, therefore, who emigrated there had a predisposition to it, regarding it as one of the fundamental rights of Englishmen. This prejudice was soon reinforced by fact. As early as 1619, a Convention was summoned in the Colony of Virginia, then twelve years old, to assist the Governor in revising the laws of the Colony. This Convention was called the

House of Burgesses, and was legalized as a permanent institution two years later, by the Ordinance which was conceded by the Virginia Company to the Colony. To all intents and purposes, this House of Burgesses was responsible for the internal legislation of the Colony, subject only to the veto of the English Crown. Such it remained till the beginning of the second half of the eighteenth century, when the problem arose of its relation to the Parliament at Westminster.

But with the landing of the Pilgrim Fathers at Plymouth, we enter on the most pronounced phase of colonial self-government. At the very outset, there was formed a General Court to regulate all questions relating to the Colony. In 1630, the directors of the Company of Massachusetts Bay removed from London, taking the Charter with them, so that it could not be altered, and from then till 1684, when it was canceled, Massachusetts may be regarded as a completely self-governing colony, so far as its internal legislation was concerned. When, therefore, the Charter was repealed by James the Second, and under the new Charter, granted by William the Third in 1691, provision was made for a

Royal Governor and a more complete control of the Colony, friction resulted, since there were many memories of the old days of complete internal self-government. The rest of the history of the Colony of Massachusetts Bay was one of endless quarrels between the Legislature and the Executive.

During the years which preceded the Restoration, there was little control over the Colonies, and few people thought of them except as a possible religious asylum from the fanatical vindictiveness of priest or presbyter. But with the accession of Charles the Second, a new period opened. It was a period of increasing imperial control, and it ended with the Revolution of 1776 and the Independence of the Thirteen Colonies. The new policy was first evidenced by the passing of the Navigation and Revenue Acts. Here was a realm in which the Colonies never questioned the right of the Home Government to legislate, even though they never intended to obey, any more than did their English brethren who smuggled from Land's End to John o' Groat's. The trouble for England was that it was almost impossible to enforce the Revenue Laws. By the time that the statesman

had appeared who could and was determined to enforce the Revenue Laws, it had become the recognized custom not to enforce them, and the Americans objected to the extent of asserting their independence. Nevertheless, although the Acts were largely dead letters, especially the Molasses Act of 1733, we must realize that, so far as the theory of the Empire was concerned, an important step had been taken: the Colonies had recognized the exclusive right of the mother country to control their relations with the outside world, even to the extent of regulating their commerce against their wishes.

But it is with the advent of the second half of the eighteenth century, that we come to the determination of the Home Government, to carry even further in practice, what they did not question to be the undoubted right of the English Parliament over the Colonies.

It is said that someone once suggested to Walpole the possibility of passing a Stamp Act for the American Colonies, but that he declined to try the experiment, saying that he had made enough enemies in Old England, and that he did not wish to add to them enemies in New England. However that may be,

there can be no doubt that with the Albany Congress of 1754 and the rejection of Franklin's Scheme of Union, we get a definite hint from the British Government of its intention to raise a revenue from the Colonies. Franklin's scheme having been rejected both by the Colonies and by the Government, the Lords of Trade and Plantations themselves submitted a Plan of Union. All these plans were put forward in the attempt to persuade the colonists to contribute a reasonable sum to the defense of the British Colonies in America, and:

> . . . in submitting the plan the Board pointed out that, in case one or more of the colonies refused to enter into the union, either by failing to send representatives, or by refusing to raise the required money, no other method of persuasion would be possible, except "an application for the interposition of the authority of Parliament."[1]

The plan was rejected.

Ten years later, the national debt of Great Britain had increased, as a result of the Seven Years' War, by £59,000,000, so that

[1] Egerton, *Federations and Unions in the British Empire*, p. 15.

it stood at the then enormous total of £137,000,000. In this predicament, the Government felt not only justified, but bound to call on the American Colonies, who had benefited materially by the war, to contribute somewhat to the imperial funds. It was suggested that if they did not do so voluntarily, there would have to be compulsory taxation. No endeavor was made; and in 1765, George Grenville took steps to raise a revenue through Parliamentary legislation. In the first place, he made a determined effort to stop smuggling, an effort which was so successful as to excite the wrath of the Americans; that, however, was merely putting into force a power which the colonists had never, as yet, challenged. But when, in the second place, he passed the Stamp Act and imposed an internal direct tax, he was not only doing something which was quite unprecedented, he was also interfering in a province, namely, internal legislation, over which the colonies claimed exclusive control; a control which had been asserted with success by Jamaica in 1677.[2]

[2] *Vide* Newton, *The Old Empire and the New*, pp. 36-38.

In 1766, the Stamp Act was repealed, but at the same time, the House of Commons made it quite clear that it would assert what it considered to be its right to legislate for the Colonies, to tax them, even, if it so chose. The Declaratory Act was the work of a Whig Ministry, but it laid down what was held to be the theory of the Empire by the Tories and the average Englishman, and it had not the support of Chatham since it included the right to tax.

But the Americans were really claiming something more than the mere control of internal legislation. They had come to the belief that they were independent communities, having as much right to govern themselves as Great Britain had to govern herself. Such a theory they were not prepared to assert at once. Like all Englishmen, they were imbued with two things, sentiment, and a desire to avoid stating the unpalatable theoretical truth, so long as the practice could be carried out without a statement of the theoretical lines along which it was advancing. But when they found that Great Britain had a Chancellor of the Exchequer, in the person of Charles Townshend, who was determined

to take them at their word, and to impose outside duties which were a matter of external jurisdiction—and so did not come within the scope of colonial self-government, as it had, till then, been stated—they discovered that it was necessary to formulate their ideas of colonial self-government rather more clearly. If we take two of the most widely read controversial writers of the time, we shall see the advance that was made in colonial theory, as a result of the passing of the Townshend Duties in 1767. After the passing of the Stamp Act, Daniel Dulany, a Maryland lawyer, who had emigrated from England, stated what he considered to be the relations between the Colonies and the mother country. In the course of his "Considerations," he says:

> A right to impose an internal tax on the colonies without their consent is denied; a right to regulate their trade without their consent is admitted.[3]

That, in 1765, probably summed up the thought of most Americans.

But, although Dulany adhered to the position which he had laid down in his "Consid-

[3] Morison, *The American Revolution*, p. 30.

erations," after Townshend had discovered that it was possible to tax the Americans while having regard for the imperial theory as expressed by Dulany and those like him, we find the attitude taken by other colonial controversialists to be rather different. In his famous "Farmer's Letters," John Dickinson, writing after the passing of the Townshend Duties, said:

> To this I answer with a total denial of the right of Parliament to lay upon these colonies any "tax" whatsoever . . . that is an imposition on the subject for the sole purpose of levying money.[4]

The new position is an undoubted advance on the previous one. It is a denial of the right of Parliament to raise money in the Colonies. Unless Parliament were prepared to grant self-government to the Colonies, it was a position which could not be admitted. It was not. There followed the American War, and the independence of the United States.

Thus we see that the American Revolution was a fresh assertion of the right of a people to govern themselves. They realized that finance was the crux of the whole matter, and

[4] *Ibid.*, p. 45.

so, as the demand of the British Exchequer became more and more insistent, they were compelled to think out and to state what they believed to be the theory of the empire. Later, we may examine in greater detail the British and American theories of the Empire, and compare them with the ideas which are prevalent in the world today; but, at the moment, the essential point to observe is that the achievement of American independence was an impulse of the first magnitude to the theory of self-government.

Not that its effect was instantaneous. The immediate result of the American Revolution was a reaction against self-government; and although Lord Durham's Report was submitted in 1839, it was not till 1846 that Earl Grey was able definitely to announce the new policy—one in which:

> . . . this country has no interest whatsoever in exercising any greater influence in the internal affairs of the colony than is indispensable for the purpose of preventing any one colony from adopting measures injurious to another or to the empire at large.[5]

[5] Earl Grey, *Colonial Policy of Lord John Russell's Administration,* I, 17.

But, during the course of the nineteenth century, we have seen, one by one, the colonies of Great Britain achieve self-government. Is it a mere coincidence that this has come about? A mere accident that the example of the American colonists has been followed, except that self-government has been found inside the Empire instead of outside it? Furthermore, are we to believe that in granting this, the mother country was oblivious of the fact that she had already lost one empire through not having recognized self-government in the original Thirteen Colonies?

At first, indeed, it would appear the most natural thing to say that the second British Empire, which arose in the nineteenth century, was built up successfully through the lessons learned from the loss of the first. No doubt to a large extent it was. In the first place, there was a large emigration of Loyalists. These Loyalists went north in thousands to the British provinces. Hitherto, that realm had been populated by French-Canadians and Indians. But as a result of the American Revolution, a population, and a population which was British, was provided for two new

provinces, New Brunswick and Upper Canada, and in addition Nova Scotia was greatly strengthened.[6] These men may have fled from the wrath of their republican brethren in the United States; it was not, however, because they were opponents of self-government, but only because they thought that immediate separation from the British Empire was rather a high price, and one which it was unnecessary to pay. The Loyalists included such leaders and thinkers as Joseph Galloway and Daniel Dulany, and although some, Joseph Galloway amongst them, went to England, the great mass who left the United States and who were American bred, and not merely English officials, went to the British Colonies in North America rather than to England. We may, therefore, say that as a result of the American Revolution, there was a large influx into Canada of men who thought of, and believed in, self-government.

If we examine the history of Canada during the course of the next sixty years, that is

[6] In 1783 Upper Canada, whose population had previously been negligible, received an influx of 10,000 Loyalists, and by 1791 its population was 25,000. New Brunswick received approximately 12,000 and Nova Scotia, 17,000.

to say from about 1780 to about 1840, we shall find that it is much influenced by this great immigration of Loyalists. Specific proof is, of course, difficult to find, but the sequence of events, and the ideas at times put forward, make it probable that they resulted from the exodus, itself the consequence of the American Revolution. In 1791, Canada was divided into Upper and Lower, and the two provinces were given a form of government which was in every way more liberal than that which they had previously enjoyed. A Governor, together with an Executive Council, a Legislative Council appointed by the Governor, and an elective Assembly, these were the instruments of government instituted by the Constitutional Act. John Graves Simcoe, the first Lieutenant-Governor of Upper Canada, said that it was "the very image and transcript of that of Great Britain."[7]

But there was one very serious difference from the Constitution of Great Britain, which in a large measure nullified the self-

[7] Egerton and Grant, *Selected Speeches and Despatches relating to Canadian Constitutional Development*, p. 99.

government supposedly conferred by the Act. At Westminster, the Cabinet which ruled the country was subject to the vote of the House of Commons; it was a responsible Cabinet. But under the Constitutional Act, the Executive Council which ruled Canada, was quite independent, the more so as the Government could pack the Legislative Council—and did—and the slight financial requirements of the Government enabled them to be met out of the Customs, which was not at the disposal of the Assembly, thus making the Government independent of the votes of credit cast in the Assembly.

From 1791 to 1837, there was a long struggle in which the liberals in the Province tried to gain control of the Executive for the Legislature. Indeed, it was the same trouble over again which had given rise to the American Revolution. The Americans had struggled to maintain the right to self-government, and their Canadian descendants were doing the same.

It is unnecessary for the purposes of this essay to enter into the rebellions which broke out at that time, from one cause or another, but of which that in Upper Canada was not

unconnected with the struggle for a responsible executive. The conflict came to a head in 1837, and for the next two or three years it was the most important problem in connection with Canada. It was not merely a problem for the Canadas proper; it was one which was troubling all the provinces. Indeed, perhaps the finest exposition of the demands of the reformers are some letters which were written by Joseph Howe, the Nova Scotian leader, to Lord John Russell. He wrote:

> Whether or not the Anglo-American population, upholding the British flag on this side of the Atlantic, shall possess the right to influence through their representatives, the Governments under which they live in all matters touching their internal affairs (of which their fellow-subjects living elsewhere know nothing, and with which they have no right to interfere), is a question, my Lord, that involves their happiness and freedom.[8]

That letter, it is true, was written after Lord Durham's Report, but it does not make it any the less a clear statement of what the protesting colonists were standing for. Moreover, it is interesting to observe the similarity

[8] Egerton and Grant, *op. cit.*, p. 190.

of thought between the Canadians in 1839 and the Americans in 1770. Howe said that with regard to the internal affairs of the Colony, Great Britain had "no right to interfere." Dickinson maintained that the question of taxation was merely a test case as to the power of Parliament over the Colonies, and then proceeded to deny its right to tax, which was tantamount to denying its right to legislate.

Fortunately, at this point we are not compelled to be content with a mere sequence of events and with similarities of aim and of argument. Following on the suppression of the two rebellions, the British Government felt that the whole question of the administration of the British Colonies in North America should be carefully investigated. They therefore sent out Lord Durham as Governor-General. As a result of his action in summarily transporting one or two of the ringleaders, he was censured by the authorities in London. Feeling himself insulted, he resigned and came home, but not before he had had time to render his famous Report which has contributed so much to the successful building up of the second British Empire.

Lord Durham's Report is an investigation of the conditions prevailing in the North American Colonies, of the grievances, and of suggested remedies, and a recommendation of the course to be pursued by the Government. What that course was, we know from the subsequent policy of this country with regard to the Dominions. It was a policy of granting self-government as soon as the people in question were ready to work it, and it reached its climax in the bestowal of self-government on the Transvaal and the Orange River Colony only four years after they had been at war with Great Britain.

It is, therefore, a matter of no small interest as regards the line of investigation which we are pursuing, to observe whether or not Lord Durham considered that the conclusion to which he came was in any way influenced by the existence of the United States as an independent self-governing community. As a matter of fact, we find all through the Report, that Lord Durham is insistent on the importance of the United States. He is concerned with its influence in two ways: first, as a possible belligerent, a possible invader; second, as an outside and contiguous Power

whose development seems to be more successful than that of the British Colonies in North America. Both, of course, are directly or indirectly the result of the Revolution. If there had been no Revolution, there would have been no possible belligerent immediately south of the Canadian Provinces.

We may, however, notice one or two quotations illustrative of the way in which the United States influenced the judgment of the statesman who was to have so important a share in determining the future imperial policy. Lord Durham says:

> The maintenance of an absolute form of government on any part of the North American Continent, can never continue for any long time, without exciting a general feeling in the United States against a power of which the existence is secured by means so odious to the people; and as I rate the preservation of the present general sympathy of the United States with the policy of our Government in Lower Canada as a matter of the greatest importance, I should be sorry that the feeling should be changed to one which, if prevalent among the people, must extend over the surrounding provinces.[9]

[9] Lucas, *Lord Durham's Report*, II, 297.

This was his answer to those who had suggested that the future form of government for the Canadas should be autocratic.

But it is clear that Lord Durham had studied the American Revolution and was applying his conclusions, the conclusions which are forced on any serious thinker, to the problem which he was investigating. He observes that the United States have achieved a sense of nationhood, and that they are invading Canada with every form of material and mental influence.

> If we wish to prevent the extension of this influence, it can only be done by raising up for the North American colonist some nationality of his own; by elevating these small and unimportant communities into a society having some objects of a national importance; and by thus giving to their inhabitants a country which they will be unwilling to see absorbed even into one more powerful.[10]

So the United States, having won definite and separate nationhood for themselves, helped to bring it to Canada, and through her, to the rest of the British self-governing Dominions.

[10] *Ibid.*, II, 311.

Finally, we may note a passage in the Report which indicates conscious influence derived from knowledge of the American Revolution. Lord Durham observes:

> We must remove from these Colonies the cause to which the sagacity of Adam Smith traced the alienation of the Provinces which now form the United States: we must provide some scope for what he calls "the importance" of the leading men in the Colony, beyond what he forcibly terms the present "petty prizes of the paltry raffle of colonial faction." A general Legislative Union would elevate and gratify the hopes of able and aspiring men.[11]

Commenting on the Report, Sir Charles Lucas says:

> To Lord Durham the United States were a bright illustration of the blessings which flow from responsible government, coupled with wise treatment of public lands. . . . It was enough for him that they had free institutions, and from these institutions in his view, flowed material blessings.[12]

Lord Durham may have been right or he may have been wrong, but one thing is quite clear, and that is that the man who thought out and

[11] Lucas, *op. cit.*, II, 312. [12] *Ibid.*, I, 265.

drew up this great Report, the Report on which is based, and from which is dated, this great self-governing British Empire which we know today, was without question influenced, to no small degree, by facts which he regarded as, and many of which undoubtedly were, the result of the American Revolution.

Here we may leave the history of self-government. Lord Durham's Report was the first of a series of events which followed in natural sequence; Wentworth, the leader of the Australian movement for self-government, was "saturated with Lord Durham's Report on the constitutional grievances of Canada,"[13] and, indeed, it was the first step toward responsible self-government, not only in the British Colonies in North America, but ultimately in all the British Dominions in the Empire.

If we now turn to the development of federalism, we shall find that here is another component of modern government, one which has played an important part in the formation of the governments of the Dominions,

[13] Parkes, *Fifty Years in the Making of Australian History*, I, 27.

and which received almost its first great experimental application as a result of the American Revolution.

The first federal experiment which concerns us, is that which was formed between the Colonies of Massachusetts, Connecticut, New Haven, and Plymouth. It was created in 1643, without any suggestion from the Home Government, as a defense—

> . . . forasmuch as the natives have formerly committed sundry insolencies and outrages upon the severall plantations of the English and have of late combined against us. . . .[14]

This Confederation was not altogether successful, and, for that reason, is of some interest, since it makes the alliance of the Thirteen Colonies all the more important. The cause of this failure seems to be quite clear. The Commissioners appointed to settle the affairs of the Confederation had no executive power, and, in consequence, the stronger colonies were not always amenable to the confederal authority. Indeed, it was the selfishness of one of the members which finally broke it up, since Connecticut, with cynical

[14] Egerton, *op. cit.*, p. 103.

disregard for her promises, took steps which compelled New Haven to lose its identity and to become merged in the larger Colony. It also became clear that the Commissioners could not enforce their decisions, even where concerned with what was, after all, the prime reason for the Confederation. The Articles of Confederation specifically state that the cost of all wars waged by members "whether offensive or defensive,"[15] shall be borne by the whole group; accordingly, it was a direct refusal to work with the other members of the Confederation, when, in 1652, the Commissioners having decided to carry on in America, the war which England was waging in Europe with Holland, Massachusetts refused to be bound by the decision. But, although it tottered to an inglorious end in 1684, the Confederation was not without its uses, and the unflagging efforts of the Commissioners on behalf of education are evidenced by the successful growth of Harvard College.

During the last century of English government in the Thirteen Colonies, there were many attempts to inaugurate some sort of

[15] *Ibid.*, p. 105.

unified government, something which should be more than a mere local assembly. The first, that of James the Second, was an attempt to institute a single autocracy for the whole of New England; it was repugnant to all English ideas of government, and was not successful. With the restoration of responsible government in England in 1688, the scheme was abandoned.

Developing the idea of confederation, we see Penn's Plan—followed by that of Franklin in 1754. This latter is of some importance, as it contains many of the ideas which appear later, either in the Articles of Confederation of 1777 (1781), or, still more, in the Federal Constitution of 1789. It was presented by Benjamin Franklin to the Albany Congress. But, although it was accepted by the delegates assembled there, it was rejected both by the Colonial Assemblies and by the English Government.

We may pass over the plan put forward by the Lords of Trade and Plantations in 1755, and that presented to Congress in 1774 by Joseph Galloway. They are interesting rather as developments in the theory of imperial government, than as examples of

confederal plans. We come, therefore, to the Articles of Confederation of 1781. This was the first government of the United States. To understand it, and why it failed, we must try to realize the position of the Colonies at the close of the war. Here were thirteen independent states. It is true, they had worked together for the purpose of throwing off the yoke of England. But after the British Government had been ejected, they were faced with the situation that what mattered far more than their relations with England was their relations with each other; the inhabitants of Connecticut, having driven forth the hated Britisher, found themselves face to face with the hated Pennsylvanian. For indeed each colony regarded itself as quite as independent as France or Spain or any other sovereign state. When, therefore, they attempted to decide how much interstate government was necessary, they tried to reduce it to a minimum, leaving all the power in the hands of elective assemblies in the various states. Congress, of course, remained. It had proved useful during the war. It had given an appearance of unity which had at least secured a French alliance, and which was

now enabling the Commissioners in Paris to arrange commercial treaties with various European powers. But that, after all, was quite enough. If it were given any more power, it might do something to which one of the States would object. We may say, that for all practical purposes, Congress was an organization which was to control a military force which it could not pay, and was to make international agreements to which it could not enforce obedience, even from those bodies which had authorized it to make the agreements. All the actual power lay with the States, with their sole right to tax, and their veto on all confederal action. Such is the paralyzing effect of the sovereign locality.

The result was soon clear. Independent American states were soon engaged in violent quarrels, with war well in view; and an impotent Congress, driven across the fields by drunken soldiers it could not pay even with depreciated notes, gave proof to Europe that America was on the verge of bankruptcy.

But the approaching specter of financial dissolution was the ghost which saved the United States. The moneyed classes took alarm, and there followed the Constitution of

1789. Not that it materialized in a night; indeed, much thinking, and still more fighting and intrigue took place in Convention and in the various State Assemblies, before what we now know as the Constitution of the United States was entered on the statute book of Congress. But with the new constitution, we have Federation as opposed to Confederation. America had given to the world the first real Federal Government.

We should, perhaps, pause for one moment to see in what way the new Federal Constitution differed from the old Articles of Confederation, and in what respect it was a development and a continuation.

First and foremost, we find the great difference that, under the new Constitution, Congress was empowered to raise money. This was not done by bringing pressure to bear on the state where the defaulters were; the makers of the Constitution knew that that was but to court rebellion and ruin; so they made direct contact between the Federal Government and the taxpayer, and the former was able to coerce those who did not pay, without coming into conflict with the state authorities. In the second place, the new

Constitution abolished all interstate tariffs, giving control of trade to the central Government, and so doing away with what had been the most fruitful source of friction, under the Articles of Confederation, between state and state. But, thirdly, we should notice, that although all this fresh power, especially executive power, was given to the Federal Government, nevertheless, it was only in certain specified subjects; anything which was not definitely specified as coming under the authority of the Federal Government, was "reserved to the States respectively, or to the people."[16] This was the inheritance from the complete local sovereignty under the previous régime, and it resulted in various difficulties for the federal authorities; as, for example, when Bryan, as Secretary of State, went to California to try to persuade the state authorities to treat the Japanese better, and found that he was powerless; but, besides cases of this kind, it led to an acid comment on the part of Lord Durham—a fact which doubtless did not disconcert the authorities at Washington, but which was of

[16] Constitution of the United States, Amendment X, 1791 (quoted in Morison, *op. cit.*, p. 364).

some importance in the development of the British Empire.

For we must remember that, in the course of the next century, the idea of federalism was to play a large part in the development of the second British Empire. In three cases, groups of states which were contiguous, and all of them owing allegiance to the British Crown, have coalesced into one larger organization.[17] The forms which that linking up of province with province have taken are different, according to the various circumstances, and according to the lessons which could be learned from experience in other colonies. But the first movement toward union, that in Canada, had no previous British experience, it had only American, and the form which it took was not altogether unlike that which had resulted from the union of the Thirteen Colonies; it would, therefore, appear safe to assume that in the federation of the Canadian Provinces, many minds looked to America to see what lessons were to be learned.

In the first place, without the experience

[17] Canada in 1867, 30 and 31 Vic., Cap. III; Australia in 1900, 63 and 64 Vic., Chap. 12; South Africa in 1909, 9 Edw. vii, Chap. 9.

of America, the idea of federation would have seemed largely fantastic, and one wonders whether it would ever have been carried through, when the existence of a central authority at Westminster did not make it such an absolute necessity as it had been in the case of the United States.

It is, however, extremely difficult to find the proof that one seeks. Nevertheless, we have one or two valuable pieces of evidence, which would seem to justify us in thinking that the federalism of the United States, itself the outcome of the Revolution, was of considerable importance as being experience on which the makers of the new Canadian Constitution could base their work.

In the first place, we have two observations in Lord Durham's voluminous Report. They are decidedly critical; but that does not alter the fact that they show his Lordship to have been taking the American experiment into consideration. Speaking of the outrages which sometimes occurred on the Canadian frontier, he says:

> It is vain to expect that such attempts can wholly be repressed by the Federal Government. . . .

and a line or two further on, he gives what was clearly the reason in his mind, for he speaks of

> the necessary weakness of a merely federal Government.[18]

But there were men who thought differently, and who saw in the American Constitution strong support for their ideas of a Canadian Federation. Some of these ideas are expressed in the speech of Sir John Macdonald, during the debate in the Canadian Assembly, on the proposals for federation in 1865. Macdonald was a warm supporter of federation, and it is, therefore, of the greatest interest to see what were the arguments which he derived from the history of the United States.

After advocating the plan which had been drawn up, and which he had helped to construct, he added:

> In doing so we had the advantage of the experience of the United States. It is the fashion now to enlarge on the defects of the Constitution of the United States, but I am not one of those who would look upon it as a failure. I

[18] Lucas, *op. cit.*, II, 270.

think and believe that it is one of the most skilful works which human intelligence ever created; it is one of the most perfect organisations which ever governed a free people. . . . We can now take advantage of the experience of the last seventy-eight years, during which that Constitution has existed, and I am strongly of the belief that we have in a great measure, avoided in this system which we propose for the adoption of the people of Canada, the defects which time and events have shewn to exist in the American Constitution.[19]

And then he goes on to point out what we have already seen to exist in the Constitution of the United States; that many of its defects were the result of the localism with which, as we have seen, the separate states were imbued. The passage is an interesting one, as it reveals quite clearly that the stream of events which we have followed influenced John Macdonald and his Canadian collaborators. He says:

Prior to the formation of the American Union, as we all know, the different States which entered into it were separate Colonies. They had no connection with each other further than that of having a common sovereign,

[19] Egerton and Grant, *op. cit.*, p. 370.

just as with us at present. Their constitutions and their laws were different. They might and did legislate against each other, and when they revolted against the mother country they acted as separate sovereignties, and carried on the war by a kind of treaty of alliance against the common enemy. Ever since the union was formed, the difficulty of what is called the "State Rights" has existed. . . . They commenced in fact, at the wrong end. They declared by their Constitution that each State was a sovereignty in itself, and that all the powers incident to a sovereignty belonged to each State, except those powers, which, by the Constitution, were conferred upon the General Government and Congress. Here we have adopted a different system. We have strengthened the General Government. We have given the General Legislature all the great subjects of legislation. We have conferred on them, not only specifically, and in detail, all the powers which are incident to sovereignty, but we have expressly declared that all subjects of general interest not distinctly and exclusively conferred upon the local governments and local legislatures, shall be conferred upon the General Government and Legislature. We have thus avoided that great source of weakness which has been the cause of the disruption of the United States.[20] We have avoided all conflict

[20] He was speaking just after the American Civil War.

of jurisdiction and authority, and if this Constitution is carried out, as it will be in full detail in the Imperial Act to be passed if the colonies adopt the scheme, we will have in fact, as I said before, all the advantages of a legislative union under one administration, with, at the same time, the guarantees for local institutions and for local laws, which are insisted on by so many in the Provinces now, I hope, to be united.[21]

The passage has been quoted in full, as it is of the first importance. The debate in which it was uttered, was a prelude to the great British North America Act of 1867, although two years intervened. That Act is the beginning of federalism in the British Empire. Here, in the words of Macdonald, lies the proof of what we could not but suppose, that those who were responsible for the introduction of this new principle of government into the Empire, were learning from the experiments which had been made in the Thirteen Colonies, and which had resulted in the Federal Constitution of the United States.

We have now arrived, in our brief survey of federalism, at the same point at which we

[21] Egerton and Grant, *op. cit.*, p. 372.

left the development of responsible self-government. Federalism was also to play an important part in imperial history. That the lessons of one experiment were not lost on another, we may see by Sir Henry Parkes' observation that

> the scheme of federal government (in Australia), it is assumed, would necessarily follow close upon the type of the Dominion Government of Canada. . . .[22]

and that

> in the work of the Convention, no doubt, the rich stores of political knowledge which were collected by the framers of the Constitution of the United States, would be largely resorted to. . . .

The continuity in the story of federalism is almost as clear as in that of self-government.

At this point, we may, perhaps, carry our investigation as to the significance of the Revolution into quite another realm. It is one in which the paths are not clear, and in which

[22] Parkes, Letter to Duncan Gillies, M.P., October 30, 1889, *op. cit.*, II, 341.

we may have difficulty in finding our way. Nevertheless, it is one of interest, and, one may venture to suggest, of some importance.

We saw in our study of the development of self-government in America, that several ideas as to the nature of the connection between the American Colonies and the mother country were current in the years which immediately preceded the American Revolution.

These were so divergent, that they postulated completely different theories of the British Empire. In the years 1765-1775, at least three were current, and if we briefly examine each of them, we shall see that they adumbrated the growth of the second British Empire.

In England, we find that few men questioned the absolute supremacy of Parliament. It is true that Colonel Barré once suggested that the Colonies should be treated more like nations with whom we should negotiate when a matter of friction arose, and that Thomas Pownall conceived of

> one grand marine dominion . . . united into one imperium, in one center where the seat of government is . . .

in which the colonists were to share

by having knights and burgesses of their own election representing them in Parliament.[23]

The same idea of colonial representation in the Home Legislature, was developed by Chatham,[24] but, even his ideas never advanced beyond the omnipotence of Parliament. For he considered

that the Colonies of America have been, are, and of right ought to be, dependent upon the imperial crown of Great Britain, and subordinate to the British Parliament.[25]

And his assertion that

no tallage, tax, or other charge for His Majesty's revenue, shall be commanded or levied, from British freemen, in America, without common consent by act of provincial assembly there, duly convened for that purpose . . .[26]

was only made in order to quell the disturbances in America, and because he thought that we should "let the sacredness of their

[23] Thomas Pownall, *The Administration of the Colonies, wherein their Rights and Constitutions are Discussed and Stated* (London, 1768), p. xv.

[24] This idea has been put into practice by France with regard to some of her African possessions.

[25] Hansard, XVIII, 198. [26] *Ibid.*, p. 200.

property remain inviolate."[27] Yet, such was the general opinion in the House of Lords that this very moderate bill was thrown out.

In America, on the other hand, though two different theories were current, they both of them denied the supremacy of Parliament in any American affairs except the regulation of imperial and foreign trade. These theories are significant because, while the more advanced contained the idea of a British Commonwealth of Nations, the more moderate postulated an Empire of self-governing Dominions such as existed before the war of 1914-1919.

Among those who held the more moderate views, were men like Daniel Dulany and John Adams. Dulany was afterward a Loyalist; he ultimately chose to leave America rather than to leave the British Empire, and yet he did not conceive of the Colonies as dependent on the British Parliament. He says:

> The colonists have a complete and adequate legislative authority, and are not only represented in their assembly, but in no other manner.[28]

[27] Hansard, XVIII, 150 n. [28] Morison, *op. cit.*, p. 28.

Again:

> The power described in the provincial charters is to make laws, and in the exercise of that power the colonies are bound by no other limitations than what result from their subordination to, and dependence upon, Great Britain.[29]

By "Great Britain," he, and others like him, understood the British Crown. And he was thinking of two separate parts of one empire, when he demanded:

> What right had the Commons of Great Britain to be thus munificent at the expense of the Commons of America?[30]

when they voted the King the revenue which was to accrue from the Stamp Act.

The theory which these men of moderate views held as to the relation of the Colonies to the British Parliament, is clearly stated by John Adams, when he says:

> . . . I contend that our provincial legislatures are the only supreme authorities in our colonies. Parliament, notwithstanding this, may be allowed an authority supreme and sovereign over the ocean. . . . It is both our interest and our duty to continue subject to the authority

[29] *Ibid.*, p. 28. [30] *Ibid.*, p. 25.

of Parliament, as far as the regulation of our trade, if it will be content with that,

though he adds, in a way that can never have occurred to the mind of Dulany, "but no longer."[31]

These ideas clearly foreshadow an empire of self-governing Dominions. In an age that yet spoke of "our Colonies" and considered them as sources of profit, the conflict of ideas which we call the American Revolution, gave rise to entirely fresh theories of imperial government, which were to reach actuality at the close of the nineteenth and the opening of the twentieth centuries.

But if the more moderate ideas foreshadowed the British Empire which existed before 1914, with the theories of James Wilson, we are plunged into a British Commonwealth of Nations, which, however fantastic it may have appeared in 1774, is of considerable significance in the development of the British Empire; for here, with absolute clarity, we find stated the theory of the empire which prevails today.

Someone has described the leaders of the American Revolution as "potent, though not

[31] Morison, *op. cit.*, p. 130.

generally recognized, founders of the British Commonwealth." If that phrase is true of anyone, it is certainly true of James Wilson. For Wilson was able to conceive of a British Empire with no legislative bond, yet with its unity unshattered; an organization which pivoted on the imperial British Crown, and of which all the members were equal. He said:

> We do not send members to the British Parliament: we have members of our own.[32]

And again:

> I shall take some pains . . . to show that a denial of the legislative authority of the British Parliament over America, is by no means inconsistent with that connection which ought to subsist between the mother country and her colonies.[33]

The distinction between allegiance to, and dependence on, the crown, and allegiance to, and dependence on, the realm or Parliament, receives at Wilson's hands, a treatment which paves the way relentlessly for the final conclusion

that all the members of the British Empire are

[32] Wilson, *Works*, III, 247.
[33] Morison, *op. cit.*, p. 110.

distinct states, independent of each other, but connected together under the same sovereign in right of the same crown.[34]

Few men in those days thought it possible to carry on imperial trade except with some imperial power to control it, but Wilson foresaw the possibility of each unit in the Empire arranging its own commercial agreements with other units, an idea which long remained in the realm of imagination, but was realized by the Commercial Agreement between Canada and Australia after the last war.

But perhaps the finest exposition of the theory of "Britannic Partnership," as it has been called, was given by Madison, when, writing after the Revolution, he said:

There was a time, indeed, when an exception to the legislative separation of the several component and coequal parts of the Empire obtained a degree of aquiescence. The British Parliament was allowed to regulate trade with foreign nations and between the different parts of the Empire. This was, however, mere practice without right, and contrary to the true theory of the Constitution. . . . The fundamental principle of the Revolution was that the Colonies were coördinate members with each

[34] Wilson, *op. cit.*, III, 241.

other and with Great Britain of an Empire united by a common executive sovereign, but not united by any common legislative sovereign. The legislative power was maintained to be as complete in each American Parliament as in the British Parliament. And the royal prerogative was in force in each colony by virtue of its acknowledging the King for its executive magistrate, as it was in Great Britain by virtue of a like acknowledgment there. A denial of these principles by Great Britain, and the assertion of them by America, produced the Revolution.[35]

Of these theories, we may say that they cover the whole of British Colonial Policy, from that time to the present day. The years 1791 to 1914, witnessed a steady increase in responsible self-government which was granted, little by little, to the various Colonies, till the central authority retained control only to the most meager extent, and this solely in the relations of the Empire with foreign states. The theories of John Adams were more than realized.

But, since the last war, the position of the self-governing Dominions has advanced a stage further, and we have seen James Wil-

[35] Madison, *Works,* VI, 374.

son's British Commonwealth become an established fact. The control of the foreign affairs of the Empire by the British Parliament has ceased. Canada, Australia, South Africa, New Zealand, India—they all signed the treaties of peace, and they all have separate representation on the Assembly of the League of Nations. Further, by the Halbut Treaty with the United States of America, a treaty which has been signed by the Canadian representative of the Crown only, Canada has set a new precedent for the Empire, and has demonstrated that the self-governing Dominions are free to make their own treaties with foreign powers.

The theorists of the American Revolution were driven to the conclusion that the complete self-government of a people, who are ready for it, must be recognized, but that this need not disrupt the unity of the Empire. English statesmen of that day could not see as far. They could not realize that, America being ready for self-government, her self-government must be realized; that it would not disrupt the Empire, and that the gradual development of self-governing units in the Empire was to become the avowed aim

of British imperial policy. Their lack of vision brought on the Revolution, and England lost her first empire.

It has been said that it is the particular virtue of Great Britain that she always knows when to give way, and that, in consequence, she has retained her second empire. Yet the story of American Independence shows that this was not always so; it shows that England, in 1776, had great lessons to learn.

One lesson the British Government learned for all time; "never, after her loss in America, did Britain attempt to tax her colonies."[36]

But the real lesson of the American Revolution is surely greater than this. This very ability to give way at the critical moment, is it not itself the outcome of the disastrous result of not giving way in the middle of the eighteenth century? We are, perhaps, rather inclined to lay sweet unction to our souls, happy in the thought that we are righteous pioneers in imperialism, training future nations, and giving them, in due course, their

[36] Wrong, *American Historical Review,* October, 1916.

share of the inheritance of all British citizens. In part this may be true, especially that we are training men to use self-government; but, as to the last part, that of giving small portions of the inheritance when we judge a people to be ready for them, are we not making a virtue of a necessity?

America revolted when we would not recognize that she was able to administer the self-government she claimed, and any other nation, trained in the British school of self-government, would do the same. That is the great lesson of the American Revolution, and the frequency with which Great Britain has yielded at the critical moment, rather than occasion a resort to violence, is the measure of the thoroughness with which that lesson has been learned.

II

The Influence of International Trade upon British-American Relations.

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II

THE problem of this essay is to ascertain what rôles are played in international trade and commerce by the United States and the British Commonwealth of Nations and to examine the relations ensuing from this commercial activity. The writer attempts to evaluate the major tendencies and to show to what policies they are urging the two countries. In such a brief analysis as this, necessarily all arguments cannot be backed by an adequate array of facts, and for any deficiencies in this regard the reader is referred to the sources indicated in the bibliography and footnotes.

It is necessary at this point to make clear some preliminary conceptions and to explain the writer's point of view. The main structure of a national policy is not determined by the whim or personal beliefs of a few administrators. A nation has certain courses which it must follow or else its position in the community of nations must drop, to its social, political, and economic disadvantage. The state must first of all protect the integrity of its internal affairs, then it must safeguard the development of its sources of prosperity

and general well-being. Its geographic and social endowments must be capitalized and their weaknesses protected. In short, certain vital interests dictate national policies; to ignore these interests leads a state to ruin. Charles Evans Hughes has said:

> Foreign policies are not built upon abstractions. They are the result of practical conceptions of national interest arising from some immediate exigency standing out vividly in historical perspective.

In modern representative government the results of a maleficent policy are popular reaction and a change of administration, thus enforcing the generalities mentioned above. These are truisms, but they lead one to an attitude condemned by many liberals as "materialistic," "dollar diplomacy," "grasping selfishness," and other popular catchwords.

The body of the people, particularly the Anglo-Saxon peoples, demand their motives reconciled to their ideals. The effective demagogue has long realized this fact and to a great degree all public political utterances are colored in this way. As a result, political

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discussions, particularly when they involve strong feelings, as when they refer to international relations, degenerate to a sentimental bias that precludes effective analysis. At the same time we cannot accuse officials who express themselves in such a manner of persistent insincerity, because we all know from personal experience that in many cases they hold such opinions at the very basis of their beliefs. Such is the case with the doctrine of "the white man's burden"; undoubtedly this is a very earnest ideal for a majority of British colonial servants. On the other hand the logical Frenchman is puzzled by such an attitude and becomes convinced of Anglo-Saxon hypocrisy. However, prejudice and sentiment are factors in shaping policies which we cannot neglect. Though their influence in general is restricted to the expression and the minor points of a national course of action, they are influences which only await arousing to provoke crises, such as war, inimical to the success of the larger national policy.

In America imperialism is a bugaboo in popular estimation; it is associated with land-grabbing and ruthless exploitation.

Such a feeling aroused public opinion against the Belgian administration of the Congo in 1903 and was largely responsible for anti-German sentiment during the World War. But when the concept of the modern imperial state is examined apart from its bearing on some particular question, we find it is a fundamentally economic idea rather than territorial. The imperial state consists of a homeland and an empire, the latter being areas where the home country has an opportunity to develop resources by an investment of capital and skill. These areas are not necessarily under the political control of the empire; this is the condition of China. Imperial expansion, therefore, may be either territorial (by conquest) or functional (by economic penetration). The investing country has to protect its exported capital and to this end appoints advisors, financial and political, in cases where the capital-importing state is too weak to give adequate protection. These countries, of course, are in varying degrees of dependence upon the imperial state. Imperial expansion obviously tends to make the homeland more and more industrialized and to import food in an increasing degree

from the imperial areas. It is vital for the homeland to safeguard its intra-imperial communications. The weakness of Britain in this respect was evident during 1917 when at one time the submarine blockade had reduced the food to three weeks' supply. An imperial sea power must, therefore, control cables, naval bases, coaling stations, and regions that control vulnerable points in its communications, as the Suez Canal. Thus we find three essential factors in imperialism: a surplus of wealth for capital export; food import into the home country; and the control of intra-imperial communication.

Commerce is undoubtedly the greatest single cause for international contacts and is constantly widening out and reaching more peoples and developing new markets every day. We see today in China a tremendous economic and social revolution occurring which is the result of modern commerce pushing into new fields.[1] Herbert Hoover said recently:[2]

[1] This point is developed in detail in Prof. N. J. Spykman's "The Social Background of Asiatic Nationalism," *American Journal of Sociology*, XXXII, No. 3, November, 1926.

[2] Isaac Marcosson, *Caravans of Commerce*, pp. 31-33.

Aside from the incalculable social values of an enlarged national mind, opportunity and development of world unity and mutual interest, and thus peace, there are several highly important reasons why a big international trade is fundamentally essential to our modern economic system.

The whole fabric of our life and comfort depends upon such articles as rubber, coffee, tin, and other products which enter into every phase of living. The standard of living depends upon how much of these commodities we can obtain and employ. But the quantity of such products that we can import depends in turn upon the volume of goods we can export and exchange. In this sense, therefore, our export trade may be regarded as a method of securing vital imports.

Another primary reason for maintaining a large volume of exports is to give stability to our whole economic scheme by a wider spread of customers. The man who runs a business solely for one customer is always in a precarious position. If he has a thousand customers he is assured of a degree of permanency in his affairs, and his labor can count on continuity of employment. The same is true of a nation which distributes its product throughout the world.

Furthermore, our domestic consumption of commodities ebbs and flows with various inter-

nal economic currents. Hence, an export trade, by which we can market the surplus productivity of our labor and machinery abroad, tends to counteract the fluctuations in the home demand. We have, therefore, to consider in what direction we can expand our exports and consequently our imports.

The world has worried too much about competition in foreign trade. A much less proportion of this trade is competitive than is generally believed. The movement of raw materials, and even of manufactured goods, has become more and more noncompetitive, yet the instinct of nations has been to expand their trade where there is the least competitive action.

The economy of the dominant Euro-American culture of today is a capitalist world economy with world-wide movements of goods and capital.[3] The day of the national economy is gone with its mercantilism and all that remains of it is an outworn phraseology with which we try in vain to interpret the modern world. We are seldom as much at a loss as when facts outstrip our theories.

Let us consider the position of the United

[3] See H. F. Fraser, *Foreign Trade and World Politics*, pp. 156-162.

States in world trade. Applying the definition just given above, she is an empire. Twenty-two and a quarter billion[4] dollars of American capital have found a market abroad as against a negligible foreign investment here. Of this, $12,000,000,000 are war debts and of the remainder, 44 per cent is invested in South and Central America, 27 per cent in Canada and Newfoundland, 21 per cent in Europe and 8 per cent in Asia and Australasia. Three and three-quarters billion dollars are loans to foreign governments, $5,333,000,000 are private investments, and $1,000,000,000 is in short time loans.[5] In 1926 foreigners purchased $419,000,000 worth of American securities while at the same time Americans invested $1,064,000,000 in foreign securities.[6] This situation is in marked contrast to the period before the war when our rapidly developing industry absorbed foreign capital eagerly in large amounts. A large part of the capital in the aluminum business was German; the Ger-

[4] In the American sense, *i.e.*, a thousand million.

[5] Scott Nearing and Joseph Freeman, *Dollar Diplomacy*, Chap. I.

[6] Bulletin of the Department of Commerce on *Trade Balances*, 1926.

mans were also considerably interested in our zinc mines and smelters and our railroads. Today the United States is the richest nation in the world with a per capita wealth of about $2,750. As our war debts are liquidated more American capital will be turning to commercial fields. Thus we have here an increasing supply of capital seeking a market. In addition to this, the United States possesses an unequaled supply of raw materials with coal, iron, and oil more than necessary to exploit them. The industrial development has been exceedingly rapid and since the war we have become a food-importing nation[7] specializing more and more in industry. This forces our commercial policy into imperialism. As President Coolidge expressed it in his address to the Associated Press on April 25, 1927:

In the past foreign interests have had investments in this country running into several billions of dollars. Being made at a time when we had insufficient capital to develop our own resources, such investments were most helpful in building our railroads, opening our mines, and

[7] For the calendar year 1923, the *New International Encyclopedia* gives a balance of $49,000,000 of foodstuff imports over exports.

supporting our manufacturing. As we have come into the possession of surplus capital we have shown an increasing disposition to extend this same kind of service to other countries.

This is the natural play of the forces of civilization. It is the result of natural and commendable enterprise which carries with it the same kind of benefits and advantages to the other people which we ourselves formerly received from abroad. It is the method by which the more prosperous and improved sections of the earth help to bring these advantages to the less fortunately circumstanced. This policy is distinctly one that is in harmony with the law of service. In principle it is the method by which stronger communities minister to weaker communities. But these operations must be carried on with justice and humanity. They must not be permitted to sink to the level of mere exploitation. They do not justify a seizure which is virtually by force of the natural resources of foreign countries or the failure to give fair compensation for their labor.

Such a policy demands the guarantee of certain economic interests:[8]

1. *Free access to raw materials.* Unhindered trade in raw materials will not be permitted to the United States by the countries controlling them, so she has need of an empire

[8] Prof. N. J. Spykman.

or else of economic control over these countries.

2. *Free flow of raw materials to the home market.* This implies the maintenance and protection of sea ways and railroads and the consequent development of naval bases and fueling stations. Thus the Panama Canal is essential to American foreign commerce.
3. *Cheap raw materials.* Cheap transportation is essential and also abundant rich supplies of the raw material.
4. *Free access to markets for manufactured articles.* The recent bankers' free trade manifesto was issued as an attempt to realize this more fully for Europe.
5. *High purchasing power in these markets.* The imperial powers are vitally interested in the recovery of Europe from the effects of the war. This furnished the chief reason for the interest shown by the powers in restabilizing Germany.
6. *Free access to investment markets.* The policy of the Open Door did this for America in China and justified the fight for oil concessions in Anatolia and Mesopotamia. With this in mind, Admiral Perry forced Japan in 1854 to open her markets to foreign trade. The Younghusband expedition to Lhasa was made to open Tibet to British commerce.
7. *Safety of capital in these investment mar-*

kets. To ensure this we find financial advisors appointed from the stronger to the weaker states, capitulations and extraterritorial rights granted capital exporting powers and the mortgage of customs and taxes to guarantee loans.

From the point of view of the geographer, the United States is a sea power isolated by six thousand miles of the Pacific and thirty-two hundred miles of the Atlantic from rival nations. The lack of suitable bases near at hand isolates her from attack, since she holds a strongly fortified Hawaii, and Canada and the British West Indies are too vulnerable to American forces. She dominates the Caribbean, and the rest of South America is too far away to be used as a base to attack her. The Atlantic, while a protection, is no barrier to commercial intercourse and is covered by the greatest traffic lanes in the world. Hawaii, Samoa, and the Philippines make her an Oriental power, a fact that came strikingly to public attention at the time of the Washington Conference. The homeland, twenty-four hundred miles from New York to San Francisco, is integrated by a network of railways, by the rivers of the Mississippi system

and by the Great Lakes. The Rocky Mountains, however, interpose a great barrier between the Middle West and the East on the one hand and the Pacific Coast on the other. This necessitates the Panama Canal to get goods economically into the Pacific from the East and Middle West.

A temperate and varied climate with immense areas of fertile land fit the United States to be a great agricultural nation. In 1910, 880 million acres were in farms and this figure is steadily increasing. In 1923 we were able to export $844,000,000 worth of foodstuffs, chiefly pork products, wheat, flour, and fruits. In addition we shipped out of the country $886,000,000 worth of raw cotton and cotton cloth, $152,000,000 of tobacco leaf and $81,000,000 of lumber.[9]

More than complementing these agricultural facilities are the unequaled natural endowments for industry, our mineral and power bases. Our iron ore reserves are sufficient for three thousand years and our coal for fifteen hundred years at the present rate of consumption. America produced in 1922

[9] Article on the United States, *New International Encyclopedia.*

more than five times as much iron and steel as Great Britain and more than twelve times as much as France. We have abundant supplies of anthracite and bituminous coal and a rich source of the metallurgical coke which is indispensable to the steel industry. Though the United States is the greatest oil-producing power, she is also the heaviest consumer and cannot supply her own needs. At the present rate of consumption, six years will see the end of the present fields. However, all countries are in an equally bad situation and a substitute for oil must be found immediately and made practical. With the technical skill of the world's fuel industry concentrated on this problem, the solution is not far off. If an economical process be found for extracting oil from shale, and this is very probable, an immense supply will be made available that will solve our problem. In the meantime, methods of deriving oil and gasoline substitutes from coal are being developed and it is very possible that methyl alcohol from such a source will replace gasoline in our internal combustion engines.

America is in just as fortunate a position with respect to her other mineral supplies.

We produce 60 per cent of the world's copper, 90 per cent of the lead, 45 per cent of the zinc, and 43 per cent of the aluminum. The United States is, therefore, the greatest single source of iron, steel, copper, lead, zinc, and aluminum. We lack nickel, tin, and mercury. However, American capital is very heavily interested in the Ontario mines which produce 90 per cent of the world supply of nickel. We are completely dependent upon import for our tin, but recent metallurgical discoveries are putting cadmium, of which there are plentiful American deposits, upon a competitive basis with tin and it is conceivable that it may largely replace tin in American use. At present, though, the United States imports more than half of the world production from the Straits Settlements, the Dutch East Indies, and Bolivia, the tin industry of the latter being controlled by British capital. Ten per cent of the world output of mercury comes from California and Texas, but we need an additional 30 per cent to satisfy the domestic demand, and this we import, chiefly from Italy and Spain.[10]

[10] See *Marketing of Metals and Minerals,* edited by Spurr and Wormser, and the annual *Mineral Industry,* edited by G. A. Roush.

America has practically a monopoly on the cotton of the world. While India produces a crop a third as large, it is short staple cotton and unfit for textile use except in coarse clothes for local use. Since the boll weevil has cut our crop of sea-island cotton to almost nothing, Egypt, with a crop a tenth as large, supplies the higher grades demanded by the British mills for their broadcloths, voiles, and organdies, but American cotton dominates the remainder of the field. In 1923, our exports of cotton and cotton cloth came to $886,000,000, or more than the combined values of oil, pork products, wheat and flour, and automobiles, our four next largest exports. But the boll weevil has the cotton growers at its mercy. No adequate way of combating the weevil has yet been found and small growers run a severe risk every year of losing their entire crop. Severe damage has been already done to the American cotton industry and there is no reason to believe that the future will have any better protection.[11]

Wheat forms one of the principal items of our export lists, $116,000,000 worth of

[11] See *Foreign Trade and World Politics*, Chap. VIII.

grain and $88,000,000 worth of flour going abroad in 1923. We are being outstripped rapidly by Canada, the Argentine, and Australia in wheat production, their land being less in demand and agriculture in those countries not being subject to the competition of a great manufacturing industry as in America. As for our other cereals, they do not figure to any degree among our exports and can be neglected from an international point of view.

Formerly heavily forested, the United States is now in a position where $80,000,000 worth of lumber is exported annually and $170,000,000 worth of timber comes into this country as wood pulp and newsprint paper. Wasteful exploitation of our wood has made great inroads upon our supply, but more efficient utilization by lumbermen and conservation policies are helping the situation.

In spite of our great packing industry and the Chicago stockyards, we are obliged to import beef and mutton. Pork and its products, on the other hand, are our third largest export item. Two hundred and fifty million dollars worth of pork, bacon, hams,

and lard are exported every year. The chief deficiencies in this raw material basis are rubber, tin, wool, nitrates, potash, coffee, tea, silk, and sisal for making binder twine. Cadmium has been mentioned as a coming substitute for tin and so that foreign monopoly is possibly to be avoided some time in the near future. At any rate, the price of cadmium is now so low that it is putting an upper limit to tin quotations. Synthetic processes are also coming to be of importance in nitrates and silk. The war-time demand for fixed nitrogen in Germany caused her to invest heavily in synthetic fixation plants with the result that now she produces 420,000 tons a year and is independent of the Chilean deposits. The heavy initial cost has kept this industry from development heretofore, but the German example has brought England, France, and Japan into the business. In this country we have the tremendous plants at Muscle Shoals and Sheffield, Alabama. Political meddling has prevented their productive use so far, but with full operation of both plants we should be to a large measure freed from the dangers of the Chilean monopoly. Synthetic silk, the well-known rayon,

has come to be so established here that it and real silk are used in equal quantities. Mercerized cotton was the initial step to a great variety of processed cotton substitutes for silk. We have no more need to fear our lack in this regard.[12]

Our dependence on foreign sources for rubber has recently been much in the public eye due to the rapid rise from thirty-six cents to $1.21 a pound because of the production restrictions of the Stevenson Act. Considerable effort has been spent by American interests to find a way to enter the rubber-growing field. In 1905 a concession of 30,000 square miles was obtained on the upper Amazon, but due to political instability there, the property had to be abandoned. A few years later the United States Rubber Company began to investigate Sumatra and now owns 124,000 acres producing 20 million pounds of rubber in 1925. In 1931 it is estimated that 35 million pounds will be produced by these plantations. Harvey Firestone has recently obtained a million-acre concession in Liberia and is now developing

12 For a discussion of the importance of foreign raw material monopolies, particularly in rubber, see *Caravans of Commerce,* Chaps. XI and XII.

it. His project calls for an extensive program of installing power and transportation facilities. The plantations will not bear for some time, so the immediate situation is unaffected. Here we see America extending her imperial policy to Africa. An attempt is being made to obtain rubber from the guayule shrub, which grows in California and the Southwest. The rubber so obtained, however, is of low grade and adapted only to particular uses. With the Stevenson Act in effective operation there should be no reason to fear such price peaks as we have recently experienced and the act should tend to develop the British industry more widely rather than bring it to a more monopolistic control.

The recent Franco-German agreement created a tight potash monopoly. The Department of Commerce immediately turned their attention to the problem with the result that in 1926 Congress appropriated $550,000 for a thorough investigation of American deposits with the result that a large but deep-lying deposit has been found in Arizona. Whether there are any possibilities of supplying our needs from domestic resources remains to be seen.

Coffee and the sisal from which we make twine, particularly binder twine for the farmers, are two monopolies from which we apparently have no resort. Nevertheless, the Brazilian grower struck a snag a short time ago when he tried to put the price of coffee up too high, for his American sales dropped by a fifth as the result of a buyers' strike.

Having the basis for a great industrial development and the capital with which to develop it, what about the question of labor supply? Since 1800 about forty million immigrants have come to America, arriving at the rate of a million and a quarter a year just prior to the war. The great employers, such as the steel mills, had come to depend on this source of labor. At the same time a kind of class consciousness was ready to associate manual labor with the immigrant. Dean Inge has pointed out that

> . . . in the United States and South Africa, the native-born white man will hardly touch rough manual labor. In South Africa this is done by the Kaffirs, in America by immigrants from southern and eastern Europe. It is thought by many that this self-chosen inferiority of the Anglo-Saxon as a laborer may at last be his

ruin. Either it will be impossible to export commodities made in lands where the costs of production are abnormally high, or the more efficient worker will somehow gain an entrance into the workingman's paradise. The Americans are now protecting themselves by legislation; they are severely limiting the immigration of the cheaper European races. In England, the trade unions are strong enough to prevent the importation of Italians or other foreigners in large numbers, but in France there is a large influx of Italian labor into the southern towns. It is possible that the establishment of a universal eight-hour working day may diminish the competition; but even so, the English and American laborers are likely to find before long that their wages cannot, for any length of time, exceed the value of the labor in the international market.[13]

This antipathy of the native-born American to labor is undeniably fostered by public education to which the second generation is always exposed. If our labor supply falls off, must we increase wages? The American workman already has a standard of living better than any man of his occupation elsewhere in the world. Labor has probably the maximum share it can obtain from industry.

[13] *England,* pp. 279-280.

When it is no longer possible to move upward in the scale of living, what movements there are will be downward, and the transition to a lower standard of living is painful. This seems to be an inevitable experience if the lower ranks are not kept filled from outside. A. P. Dennis, Vice-Chairman of the United States Tariff Commission and formerly personal assistant to Secretary Hoover, said of the cotton industry:

> The workers in the Southern mills are Anglo-Saxons, neither negroes nor foreigners being employed at the looms and spindles. The New England industry is built on Americanized foreign labor. New England cotton mill labor has run a long gamut, beginning a hundred years ago with the Simon-pure Yankee. Those were the days of the paternalistic pioneering era. The Yankee stayed in the mills for one or two generations, was taxed thirty-seven cents a month for the support of the church and had to be in by ten o'clock at night. If he did not go to church he lost his job. Running mills on paternalistic principles educates young workers out of their jobs. Then came the Irish, who quit the cotton mills when they could for shoe making shops and the ampler life suggested by political aspiration. Shortly after the Civil War the French Canadian made

his *entrée*, and he has stuck. The sprinkling of Poles, Greeks, Italians and Portuguese in the New England mills furnishes the pinch hitters in the game. They are restless and get out when opportunity offers. Labor shortage therefore looms in New England as the flow of immigration slackens. Where are the raw recruits to come from? . . .

The South has its own labor problem looming ahead of it and the thing is of bad omen. A paternal system which is characteristic of the pioneer stage in handling cotton-mill help is breeding native Southern workers out of the mills just as the Yankee was educated out of the New England mills a hundred years ago. In the South the mills are run on a community plan. The mills are built into rural self-contained village communities. . . . I visited a Georgia mill where the company pays its school superintendent seven thousand dollars a year. In this school, children of mill workers can be prepared to enter college. Will these boys be content to go back to the spindles and looms tended by their fathers? As a matter of fact, many of them are heading for the higher professions.[14]

It is said that high wages are economical because of the greater return effort and the greater purchasing power of the laborer. Re-

[14] *The Romance of World Trade*, pp. 282-285.

cently a commission of British industrial engineers visited America for the purpose of studying her methods. Their report to British industry on their return highly endorsed the system of high wages and recommended it for British adoption. However, such a doctrine has been tested only before a market of high purchasing power. As imperial expansion reaches its limits and competition begins to be felt from the Asiatic countries with their extraordinarily low labor costs, the bottom will drop from the high wages doctrine, with painful social results to the working classes. In the meantime we are getting a greater production from our workman than other countries of lower wage scale.

Floyd Parsons estimates that the American worker, man for man, is producing twice as much as the British workman. Vyles, another writer, reckons that it takes ten British workmen to do the work of seven American workmen. Sir George F. Foster, former cabinet minister in Canada, has been quoted as saying that three American workmen produce as much as five British workmen.[15]

That such a discrepancy is due in greater

[15] *Ibid.*, p. 23.

part to intentional restriction of output in accordance with the well-known union policy in Britain is undeniable; and if we accept Dean Inge's observation of a decay of spirit and character in the British worker, it will be seen that the superiority of the American is hardly innate, but due to the inferior productivity of the Britisher.

Let us examine the traditional policies America has adopted toward international trade. To the foreign exporter our most outstanding policy is, of course, tariff protection. The protectionists argue that free trade would kill off our infant industries which would later develop into sources of great national wealth and that the protective tariff enables us to pay the high American wage scale and ensure continued employment to our workingmen. Moreover, the protection of the home market from competition that may be due to abnormal economic conditions abroad that give the foreigner a momentary unfair advantage results in a stabilized, a prosperous domestic industry. Such prosperity results in higher incomes and thus the nation has a greater purchasing power abroad. They also claim that protection is a

necessary part of national defense, since it makes the country in time of war more independent of foreign supplies by building up a diversified system of manufactures. Further, it gives the State Department a powerful weapon to use in carrying out its commercial policies either by imposing tariff penalties or by demanding reciprocal advantages in return for lower duties.

The free trader, on the other hand, claims that America has developed beyond the point where the high tariff is of advantage. It is a drain on national wealth because it makes for an uneconomical production, the drain coming on the pocket of the consumer and not on the foreign exporter. It is high time that our industries ceased being infant and pampered and were forced to come to grips with international life. That protection has been valuable in the past is admitted, but today her economic organization has reached more of a maturity and our export trade has come to be of significance in the world. As Hoover has pointed out in the quotation given in an earlier part of this essay, our import trade enables us to export and the two are vitally connected.

International trade means the exchange of goods and services by people in one country for the goods and services of a people in another country. *Trade means simply exchange;* this must be kept constantly in mind. Buying and selling, with which we are all familiar, is the usual process by which the exchanges are effected. What we all see is the selling of goods for money, or the purchase of goods with money; a matter so simple, so obvious, that no further thought need be given to it. That unfortunately is the attitude of entirely too many people; not the ignorant only, but the educated and intelligent as well. The real difficulty lies in our conception of money; we regard it as the object to be gained, whereas it functions in trade as the mechanism of exchange.[16]

Thus a high tariff is injurious to our export business.

The argument that protection is necessary to the welfare of the workingman is countered by the low-tariff advocate who explains that while a policy of protection makes high money wages possible, the cost of living increases in the same degree and thus real wages remain stationary. There is also claimed to be as much danger in the present-day United States from unemployment due

[16] *Foreign Trade and World Politics,* p. 1.

to the uneconomic and dysgenic effects of high protection as the protectionists fear from foreign competition and that we can achieve lasting prosperity more surely under a freer system of world competition. The free trader admits the value of the tariff as an international political weapon, but suggests that it be used to break down foreign tariff barriers against us. He does not advocate a smashing destruction of import duties; he realizes that such would have a chaotic effect upon our industry. In addition the United States is clearly making less of a sacrifice than any other great power from the point of view of war-time self-sufficiency.

Looking at the situation without prejudice, however, it seems undeniable that we are being forced toward a low-tariff policy in order to encourage our foreign trade and because of the increasing competition to produce goods under the most economical conditions possible. The tariff is a valuable international weapon, though, and certainly gives a considerable control and check on foreign trade. We will hardly see its complete abandonment.[17]

[17] See *ibid.*, Chaps. II and III for a free trader's point of view. Also the central paragraph, p. 87.

Our foreign trade policy has received a new lease of life since Herbert Hoover became Secretary of Commerce in 1921. He has created the finest commercial information service in the world and a corps of foreign representatives of men of ability and energy that are making possible a foreign trade technique astounding to those who formerly criticized American methods as unadaptable and unsympathetic. Keenly alive to the importance of foreign trade to America, Mr. Hoover has enabled us to compete on a parity with Britain, Germany, France, and Japan and is to a large degree responsible for our great development in this field. Under his régime our foreign trade is being developed by a unified policy of official support for the first time in our history. With his support we are achieving very tangible results in protecting our industry against raw-material monopolies abroad and in developing new areas (as in Liberia) to supply our raw-material deficiencies. A vivid survey of the activities of the Department of Commerce is given in Isaac Marcosson's recent book, *Caravans of Commerce*.

The "Open Door" is a much-mooted

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phrase of manifold interpretation. There is something in the American nature that revels in phrases. No doubt much of the popularity of the Wilsonian Fourteen Points was due to a certain catchiness of expression. The policy of the Open Door is cited to support American altruism in foreign policy and a moment later someone comes along and uses it as an example to prove our double-faced imperialistic hypocrisy. In 1899 John Hay, then Secretary of State, formulated the policy with the immediate purpose of gaining a foothold in China for American financial interests. Doubtless his claim that the spheres of influence should not exclude the United States was meant for a more far-reaching effect than that, but such an idea was the immediate cause for the doctrine. In 1917 Viscount Ishii negotiated an agreement at Washington with Secretary Lansing. The United States recognized Japan's special interest in China by "territorial propinquity" and in return Japan admitted American special interests in the Caribbean and Central America. The two powers agreed to respect and uphold the Open Door policy in China, that is, "equal opportunity for commerce

and industry." The policy has also been invoked to justify governmental support of American competition for oil concessions in the Near East. What the Open Door policy amounts to in fact is that the United States is determined to allow no monopoly of exploitation of resources by other imperialistic powers and demands an equal footing in spheres of economic penetration. It is really a declaration that she is in the imperialistic race.[18]

The first American step toward imperialism was the Samoa Treaty of 1878, which gave her the right to use Tutuila as a naval base and coaling station. Friction with the German interests there led to a crisis in 1889 and the subsequent compromise settlement which made the islands a common protectorate of Germany, the United States, and Great Britain. In 1898 Hawaii was annexed after thirty years of development by American sugar interests and in the same year we acquired the Philippines, Porto Rico, Guam, and the protectorate over Cuba.[19] The United

[18] See *Dollar Diplomacy*, Chap. III.

[19] "The technical legal status of Cuba is that of a 'protected independent state,' according to a document issued by the State Department on January 10, 1919,

States had become an oriental and imperialistic power almost by the stroke of a pen. In 1903 Panama, not without American assistance, seceded from Colombia and was recognized by the United States. By extension of the Monroe Doctrine and with the Cuban example for precedent, protectorates were established over Santo Domingo (1912), Nicaragua (1914), and Haiti (1916). In 1911 a treaty giving financial control over Honduras was signed. The assertion of an American primary interest in the Caribbean at the time of the Venezuelan incident of 1895 had taken a very definite political expression. In 1917 Denmark sold us the Virgin Islands, and the Pacific Treaty of 1921 brought us equal cable rights with Japan in

marked 'Confidential: For Official Use Only.' This official document, now on file at the New York Public Library, declares that:

"'It would appear that "independence" as a technical term employed in treaties relating to such protected States does not mean full freedom of action as a positive attribute, but rather the absence of any such restrictions upon the protected State as would amount to an infringement of its international personality and take from it a certain theoretical legal competence to be the arbiter of its own destiny. . . . Cuba represents perhaps the best example of an independent state under the protection of a single power.'"—*Dollar Diplomacy*, pp. 260-261.

Yap, a junction of considerable importance 1100 miles east of the Philippines. The policy in the Caribbean, while the principle of territorial contiguity has entered the situation, has largely been dictated by the necessity of protecting the vital Panama Canal trade route, which, as has been pointed out before, is necessary to both domestic and foreign commerce. The policy in the Pacific has been to use the Philippines as a base for American trade with China, and to consolidate our oriental position by the development of Hawaii as a strategic center.[20]

Let us consider now the factors determining Great Britain's position in international trade.[21] Possessing good harbors, a long coast line and a people that take naturally to the sea, Britain has come to mean for the world the embodiment of sea power. From medieval times she has been the world's marine carrier and likewise in modern times, with an empire that some caustic commentator recently described as one on which the

[20] See Latané, *The United States and Latin America,* for the diplomatic history, and *Dollar Diplomacy* for particular instances of American imperialism in Latin America.

[21] The majority of the following information is taken from Cole, *Imperial Military Geography.*

sun never rises, domination of the sea is essential to her very existence. She faces a European peninsula of lesser sea powers behind which lies Russia, the great land power, pushing outward for a coastal base. Between the British Isles and the Continent lies the English Channel and the North Sea, barriers which have protected seafaring Britain since 1066. But distances have lessened and barriers have become smaller since England's invulnerability annoyed Napoleon and with modern aviation, long range artillery, and submarines the English Channel is not the defense it once was. These considerations give Britain a vital interest in the stability and good will of the Continent.[22]

From the British Isles with their forty million inhabitants run sea communications to the 400 million more of the Empire. The main lines of these in order of importance of their traffic are

1. Great Britain to the Americas. This can be divided into four routes: to Halifax and the Canadian harbors of the St. Lawrence; to New York; to the Caribbean region; to Rio de Janeiro and Buenos Aires.

[22] See Mackinder, *Democratic Ideals and Reality.*

2. Great Britain via the Suez Canal to the Indian Ocean and thence to India, the Far East and Australasia.
3. Great Britain to the same destinations by way of the Cape of Good Hope.
4. Great Britain to the Pacific and the American and Canadian west coast by way of the Panama Canal.
5. Great Britain to the Pacific by way of Cape Horn.

In the last decade a new element in transportation has entered the field. Aircraft has come into effective competition with railroads. Particularly is it of value where the journey is broken up into land and water stages as is often the case in Europe. The route to India and Australia by way of the Mediterranean offers just such advantages. Sir Alan Cobham's marvelous flights from Croydon to Sydney and later back over the same route have shown the way. Already there are routes in operation that are links in this line, especially in the Middle East. It is only a question of time when such a service will be competing seriously with the present mail and passenger facilities. Air communication draws the scattered Empire very measurably closer.

Besides these physical communications making possible the interchange of persons and commodities, the equally vital communications of cables and wireless must be considered. Sixty per cent of the cables of the world are British and these include most of the long-distance cable lines, such as Vancouver to Sydney, England via the Mediterranean to Bombay, thence by Madras to Singapore, Penzance to Brazil, Uruguay, and the Argentine, and trans-Atlantic cables to Newfoundland, Halifax, and New York. Superpower wireless stations in the British Isles at Rugby, Leefield, Poldhu (Wales), Bodmin, and Skegness, to mention only some of the more important, communicate daily with Canada, South Africa, India, Australia, New Zealand, and South America. Directional beam wireless which is greatly economical of power is replacing the old-time all-directional stations. This means a great gain in secrecy, as only the receiving stations in the path of the beam can intercept messages.

The British Empire forms the most heterogeneous collection of cultures and peoples that history has ever seen united under one

flag. The homeland, the British Isles, is a highly industrialized area of dense population which produces only enough food for 40 per cent of its inhabitants. The heavy food import that is necessary is paid for by exports of textiles, iron and steel, coal, machinery and other manufactured products, and by shipping, insurance, and banking services. Canada, Australia, New Zealand, Newfoundland, the Union of South Africa, and the Irish Free State form the group of self-governing Dominions of a status both novel and interesting in political history. The Dominions are autonomous countries bound to the Empire by bonds that are largely tacit and based on ties of tradition and a common attitude with the homeland. The legal tie is the Crown, the last Imperial Council having decided that Parliament had no jurisdiction over the Dominions except by their consent. The King appoints to them a governor-general whose duties are largely ceremonial and supervising and who is the liaison with the home government. A recent development is the independent attitude of the Dominions in conducting their private foreign affairs. The Irish Free State and Canada both have

ministers at Washington. As autonomous groups, these six nations are represented in the Assembly of the League of Nations and the Free State was a strong candidate for a non-permanent seat on the Council in the recent elections.

Then there are the colonies such as the Straits Settlements, whence comes the British supremacy in tin, Hongkong, a port with an immense entrepôt trade, and Nigeria, where 4,000 white men control a territory of 340,000 square miles and a population of 18.5 million. The Peace of Versailles brought under British mandate the former German colonies of Southwest Africa, East Africa, Kamerun, and Togoland, as well as Mesopotamia and Palestine.

The Empire of India contributes 350 millions of people to the imperial population and an economic system (excluding Burma) that is just on the point of transition to industrialism and food importation.

To protect this widespread empire, Britain controls a number of strategic points, either as bases for military or naval concentration or for the purpose of keeping them out of hostile hands. The latter is the status

of Cyprus; the former explains British interests in Egypt, Gibraltar, Aden, Malta, and Singapore.

The Empire's religions include Mohammedan, Jewish, Christian, Hindu, Buddhist, and pagan. Its population includes Anglo-Saxons (in the homeland and Dominions), negroes, Arabs, Hindus, Sikhs, Malays, Polynesians, and Chinese. Its climates include South Georgia in the Antarctic Continent and the equatorial Libyan Desert. It is a most uniquely variegated and changing picture.

In considering the economic and material basis of British commercial imperialism we are struck by the terrific financial burden that the war has placed on England. Why has the war borne so heavily on her? With all the balances struck off, Britain and America are the only two creditor powers. During the war England contracted loans from the United States for both her own expenses and those of the Allies, chiefly Russia and France. The former renounced her obligations (some $4,000,000,000) and the latter has come to such a financial *impasse* that the way out is doubtful and long. However, a

funding agreement was negotiated between Baldwin and Caillaux which extends French payments over a considerable period and permits her in case of certain financial emergencies to forego her annual payments to England. By the Geddes Agreement Britain pays to the United States $160,000,000 a year on her debt of $4,600,000,000, the payments lasting until 1952. In contrast to her former allies, England refrained from raising money during the after-war years by further loans and depreciation of currency. The result is that the Englishman suffers under the heaviest taxes in Europe. On the other hand, the American and Canadian loans are funded, the internal debt has been greatly cut down and sterling is at par with the dollar. In the middle of this heroic effort, the coal strike of 1926 was called and was soon followed by a general strike. The latter failed, but the coal strike caused England to import coal for the first time in her career and resulted in a tremendous loss of national income. As a result, the budget of this year does not balance and the tax burden must be further increased. It may be noted in passing how this forces a *de facto* policy of strong protectionism on

Winston Churchill, loath as he is to accept it.[23]

Concerning agriculture we have mentioned that there is not sufficient food produced in the British Isles to support half the population. It is claimed that a system of intensive cultivation such as is found in Belgium would do much to remedy this condition. Whether this is true or not, the condition of the British farmer has steadily become worse since 1877[24] and cultivated land is continually going into pasturage, a less efficient method of food production. On the other hand, the annual wool crop of the British Isles is 100 million pounds, a sixth of the total imperial production.[25] The British Isles in consequence depend on New Zealand for their mutton; Canada, the United States, the Argentine, and Australia for wheat; the United States for pork; the Argentine again for beef; and the Continent, chiefly Denmark, for dairy products (butter comes in large quantities from New Zealand also).

In regard to fuels and iron, which furnish

[23] See Birck, *The Scourge of Europe,* Chaps. XX and XXI, and the Appendix.

[24] See Inge, *England,* p. 172.

[25] *The Romance of World Trade,* pp. 62-63.

the power basis to industry, England and Wales produce about 260 million long tons of coal annually and export about 70 million. There is a reserve of 100 billion tons at a depth of less than 4000 feet, which should last out this century at the present rate of increase of consumption. Vast deposits exist in Canada, Australia, New Zealand, India, and South Africa waiting for the development of transportation to make them economically available. Though the iron deposits of the British Isles are adequate for her needs, about 30 per cent of the ore smelted comes from Spain, where the mines are operated by British capital. This Spanish ore is considerably richer than the English ore, hence the demand. In 1922, 4.4 million tons of pig iron and steel were exported, more than twice as much as the American export for that year. As for oil, the imperial sources and the sources under British control supply 4 per cent of the world consumption, an amount insufficient to supply British needs. This does not take into consideration the possibilities of the British quarter interest in the Mosul fields, which are not yet fully producing.

Of the non-ferrous metals, the British import large quantities of copper and aluminum from outside the Empire. Recent discoveries in Africa, however, about double the imperial supply of the metal and make her considerably more independent. Lead and zinc are now produced in large quantities in Australia. Ontario has a monopoly of nickel. British-controlled Bolivian tin, and ore produced in the Straits Settlement give Britain control over the world supply. Methods to extract aluminum from low-grade ores which are available in every country are in view and may be expected shortly to revolutionize the industry.

In two other cases the British Empire controls the world supply of raw materials—rubber and wool—both of which we have considered.

The chief weaknesses in the material basis of British industrialism are cotton, aluminum, copper, and sulphur. We may note that the United States leads in the production of each of these. A great weakness is that the homeland must import the greater part of its raw materials and food from distant ports of the world.

This point leads us to the great strategic problem of the Empire, how to protect its communications. The great lines of these communications have been described above and it is obvious that in all cases except the British Isles–North America lanes of traffic the Empire is threatened by powerful flanking positions or narrow waterways that may be easily threatened, as, for example, the Straits of Gibraltar. British ocean traffic is dependent on two canals, the Panama Canal and the Suez Canal. She must rely on the good will of America to keep the first open. In the case of the latter she must control the commanding positions. To this end she has established naval bases at Gibraltar, Malta, and Aden; she is in Palestine and Egypt; and she claims a sphere of influence in lower Arabia. To protect the further extremity of her trade routes, she has made the Indian Ocean strategically a British sea. With the exception of Delagoa Bay in Portuguese East Africa, every important port is British. A treaty with Portugal gives England option on Delagoa Bay and prevents it from falling into hostile hands. If this last should happen it would absolutely control trade on

the East Coast and would seriously endanger the route to India, the Straits Settlements, and the Pacific by way of the Cape of Good Hope. It is thus very important. The integration of India, the Middle East, and Africa is being accomplished by the building of the Cape-Cairo-Calcutta railway. This is of great strategic importance, especially to the Suez Canal.

There are four entrances and exits to the Indian Ocean, around the Cape of Good Hope, through the Suez Canal, around Australia, and through the Malacca Straits at Singapore. By the Four Power Treaty Britain must leave *in statu quo* all island bases in the Pacific east of latitude 110°, which is almost the line of the west coast of Australia. Hongkong, cannot, therefore, be developed to take post-Jutland naval vessels. As the Straits and Australasia control Pacific entry to the Indian Ocean, Singapore is being developed by England and Australasia.

In managing such a diversified empire, there must of necessity be encountered a number of contradictory interests. The developing industrialism of India puts an import duty on English cotton cloth to the

exceeding annoyance of English mill owners. South Africa bans Indian immigration as a part of a general policy against Asiatics and the Indian asks with some bitterness if he is not just as much of a Britisher as the South African white. In South Africa the Kaffir is increasing much more rapidly than the white man. But here Sir Theophilus Shepstone has enunciated a policy that is characterizing British colonial work in Africa: that the natives be segregated and left to their own tribal customs as much as possible and thus avoid many of the cruelly stupid interferences of the past. Another problem is the resentment of Canada to the tide of remittance men and younger sons sent out to make their fortune from the British Isles, instead of the agricultural laborers and capitalist investors they need. But the Britisher seems to be peculiarly gifted with tact and common sense in such difficulties, and though they become more complex every day, we may safely leave these to him as a matter of purely internal policy.

In making a comparison of the raw-material resources of the two countries, a striking fact is evident: that Britain and the United

States mutually compensate one another's deficiencies and combined would form a practically self-sufficient economic unit. America produces great quantities of cotton. Who is the chief consumer? England. British woolens and fine muslins find their greatest market in America. Copper and aluminum travel eastward across the Atlantic in exchange for British tin. We are the greatest source of gasoline for the world's motor cars, English rubber plantations supply the material for their tires. British ships carry much of America's trade. Each is the other's greatest customer. The greatest damage either could suffer is to have the other's market shut to him. In international trade these two that one might expect to be rivals are drawn closer together by most compelling interests.

The relation of the Dominions to the United States illustrates this complementary character. The Dominions are new countries settled by Anglo-Saxon immigration and passing through the same stages and encountering the same problems the United States has already encountered. But whereas the latter has surplus capital to export, they are looking for capital to develop their possibili-

ties. They export the food that America must import. Canada, Australia, and New Zealand are Pacific powers and thus share American problems in this area. The fact of Canadian proximity has developed relations to a degree greater than between us and any other Dominion. Canada is peopled by the same race as America and does business in the same way. She has one and three-quarters as much productive agricultural land as there is in this country. She has a sixth of the coal reserves of the world and Newfoundland alone contains six-sevenths as much iron as there is in the United States. As a result she is avid for capital to develop such immense resources. English and American capital flow toward her as a foregone conclusion. In 1923, 52 per cent of the foreign capital was American and 42 per cent British. Now that a great surplus of capital is available to the south, Canada's development is becoming more rapid and her national wealth is rapidly increasing. American business has established numerous branch firms and there is now an immense volume of trade between the two countries. With the exception of the British Isles, more American business is

transacted with Canada than any other country.[26] Vincent Massey, the Canadian minister to Washington, said in his initial address as minister:

> It has become almost a platitude to say that Canada is destined to play the part of an interpreter between her great neighbor and her mother country overseas. I have called this a platitude, but the distinguishing characteristic of a platitude is that it is true—a truth sometimes, to be sure, repeated so often as to be ignored.

To break any of the currents of life that are developed in an empire is to endanger its very existence. From what has been said of the strategical policies of the British Empire it is obvious that a great war stands to harm her more than any other power. Britain, then, is forced to a policy of peace, even at great sacrifice to herself. Any British jingo war party that appears cannot, then, include the men of statesmanship and foresight in the country and as a result must be easily discredited. This again puts British and American policies in line, the anti-war senti-

[26] *Dollar Diplomacy,* Sections 1-11.

ment being strong and sincere in this country as well.

The only occasion to fear is a crisis where the emotionalism aroused could be cloaked with idealism to produce war. This is increasingly liable to occur, it seems, with the development of new means of disseminating misinformation and false ideas, such as radio broadcasting, the sensational press, and the movies. Whether this influence will be equaled and counteracted by the accompanying availability of the truth is doubtful as information is subordinated to ready-made attitudes and editorial argument in the news columns of even our most conservative newspapers.

Does political competition keep the two countries apart? Let us consider the various points of political contact that may be potential danger points. The Canadian frontier has been pointed to in the past as a purely artificial limitation to the expansion of the United States on the North American continent. The Canadians and Americans as peoples are very much alike and annexation of Canada has been quite seriously suggested in both countries. Now the issue has vanished from the horizon, and why? In the first place,

the frontier has been no barrier to American trade, and relations were profitable as they were. In the second place it was feared by Americans that consolidation of the two areas, each already having been developed as a unit, would cause such a readjustment in what were obviously exceedingly prosperous business conditions. J. D. Whelpley points out that "Canadian annexation failed more because of indifference or opposition in the United States than in Canada."

Ireland has been a source of irritation between the two countries, though one may wonder just to what extent the American attitude might have proved to be academic rather than practical if a crisis had come. But this grievance has vanished with the granting of the Free State Constitution.

The abrogation of the Anglo-Japanese Alliance removed the possibilities of Britain being in a combination whose political interests clashed not infrequently with the United States. Politically, then, where the two countries do conflict the issues are not acute nor do they seem liable to become so.

Commercial rivalry as a source of trouble is an overrated point of discussion in this re-

spect. Apropos of such rivalry it is sufficient to note Mr. Hoover's remark that foreign trade is less competitive than it is generally considered (*q.v. supra*), and the fact we have already mentioned, that the two countries are complementary rather than competitive in this field. We may safely dispose of our apprehensions in this regard.

More dangerous is the question of interpretation of maritime law regarding the rights of neutral trade in time of war. International law has contrived a compromise between the rights of the belligerent and the neutral trader. This compromise is effected by the classification of certain goods as contraband, the belligerent being permitted to prevent trade in articles of direct military use. This conception, of course, runs hand in hand with the legal idea of noncombatant. Furthermore, not only must the noncombatant population be protected, but the right to trade on the part of the neutral must not be denied. At either side of this compromise between the trader's right to a living and a nation's right to harass its enemy stand Britain and America, the one advocating the

right of the belligerent and the other the right of the neutral.

The war brought these two interests into conflict. To British eyes here was a new situation. The distinction between soldier and noncombatant munitions worker seemed artificial. Was it not manifestly impossible to have an ill-provided army backed by a well-provided nation? Therefore the British extended the restrictions of contraband and blockade to an unprecedented degree. At the very least, one must admit that the letter of maritime law went by the board. As it has no sanction but common consent, international law can but define the attitude of nations prior to the situation. This predetermined attitude the British claim to have retained in spirit, but plead the necessity of adjustment of the law to changing conditions. On the other hand, such an interpretation results in complete control by the blockading power of trade by neutrals with the blockaded nations. Trade was practically entirely shut off. Whether the conception of the nation in arms (given concrete expression in the recent French bill providing for national mobilization in case of war) demands such an atti-

tude as the British take as its logical conclusion is apart from the scope of this essay. It is merely desired to point out that the two countries stand at opposite poles of opinion. Insistence on the two extreme points of view will undoubtedly bring political collision as we saw in 1916.

This danger is a threat not only to the future of amicable relations, but also to the securing of world peace. Britain cannot consent to use of her navy for blockade in a concerted action of the powers against an aggressor nation if it means trouble with the United States. It was this point that led Britain to refuse to accede to the Geneva Protocol. Wickham Steed has recently suggested that since the same feeling against war is found in both countries, America should declare that it

> . . . abhors aggressive war and it will never weaken the hands of other nations which may band themselves together for the purpose of deterring an aggressor or of compelling him to desist from aggression.[27]

More, however, is needed, for such a declaration removes only one opportunity for

[27] *Current History*, December, 1927.

trouble. A definite understanding or at least an open statement of point of view and future policy is the only way to remove uncertainty and suspicion on the part of each of the other's course in a future crisis. In the meantime this attitude of suspicion is being fostered in the two countries by interested groups who find a common language offers many opportunities for keeping distrust alive.

The territorial defense problem of America is comparatively simple and has been admirably solved. It is evident that the American navy is designed for maintenance of overseas commerce rather than for protection against invasion. Thus the point of interpretation of maritime law is reciprocally dependent upon naval expansion. We can see how naval policy may be an important factor in the future relations of the two countries. This problem of maritime law and the closely related naval expansion is both acute and unsolved. This is the direction in which we must apply our efforts if trouble is to be averted.

There are also important forces of disunity which come from the contact of indi-

viduals. One must realize that America is intellectually and culturally in a period of adolescence. American genuineness and geniality is but a symptom of our naïvety; the more reserved British have passed through the same stage and have experienced the pain of the same rebuffs and this is the reason for their reserve. Being in such a stage we are all very sensitive about it. The most stupid and prejudiced criticism can come from abroad and, instead of being laughed at, is received with intense indignation. Dignified critics rush to their desks and write complicated refutations of what on the face of it is obviously absurd. We are astounded at an abundant new growth of artistic material among us and we either affect to despise it or else spend our time in praising it extravagantly. Both attitudes come from our exaggerated sensitivity.

As adolescence is painful both to the person experiencing it and to those around him, so the American rouses antagonisms abroad. He tends either to ape the foreigner or else be extremely American. Again the obsession of inferiority.

A little tact from the other side would also

help a great deal. Treated with an attitude a little less patronizing, the American would feel rather less self-conscious.

However, these remarks apply to a situation that is remedying itself rapidly. Americans are no longer the most conspicuous tourists in Europe but are beginning to set a standard for smartness and elegance. This is especially true of American women. A sympathetic *rapprochement* between the Englishman and the American is inevitable though it may be slow.[28]

We have seen above that as commercial nations Britain and America are hardly rivals, but instead are committed to common aims. Each consumes more of the other's exports than any other country. Each supplies the other's deficiencies. Is it not then highly desirable to cultivate such profitable intercourse?

Occupied in the same activities, with the same civilization and the same heritage of culture, the international ideals of the two

[28] *British-American Relations,* Whelpley, gives a very unbiased and thorough analysis of the two national attitudes. An article by Frank Swinnerton in *Harper's* February, 1926, gives an interesting and acute study of the English personal point of view.

countries are identical. World peace and international coöperation are fervently desired by both, if only for the preservation of the bases of their prosperity.

Looming up as the great obstacle to a better understanding is this question of maritime law respecting the rights of neutral trade, which is backed by the provocative efforts of the big-navy men, who feel that they must maintain their prestige. A level head and a willingness to compromise is needed on both sides if the problem is to be surmounted. And these attributes, we may be thankful, are certainly found in both the United States and Great Britain. If we put our trust in common sense, surely the great advantages of mutual coöperation will not be sacrificed to a mere point of view.

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